



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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Sacramento
California 95814

BILL LEONARD
Member, BOE
Second District

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Executive Director

FOR IMMEDIATE RELEASE

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LEONARD RELEASES TAXABLE SALES FOR SECOND QUARTER 2005

Bill Leonard, Member of the State Board of Equalization (BOE), today announced that taxable sales in California rose during the second quarter of 2005, marking the twelfth consecutive increase in quarterly growth.

Transactions subject to the sales and use tax totaled \$134.7 billion during the second quarter of 2005, an increase of \$9.7 billion or 7.8 percent from the second quarter of 2004. Taxable sales increased 1.6 percent faster than personal income, in line with the general growth trend since 2002.

In constant dollar terms, taxable sales increased by 6.1 percent over the same quarter of 2004. The California Taxable Sales Deflator measured an inflation rate of 1.6 percent for the second quarter of 2005. This is well below an inflation rate of 3.4 percent over the same time period, as measured by the California Consumer Price Index.

Retail stores posted taxable sales of \$93.5 billion, a 7.9 percent increase over the same period in 2004. Both durable and nondurable goods sales saw similar gains, as taxable sales increases were widespread. Retailers of durable goods experienced a 7.9 percent increase, while non-durable goods showed an 8.0 percent increase.

Service station sales increased 13.6 percent in the second quarter of 2005, faster than any other category, with total yield at \$9.7 billion. Gasoline consumption increased 0.9 percent to reach 4.0 billion gallons, partially reversing a 1.6 percent decline seen in the first quarter of 2005. The average price of gasoline during the second quarter of 2005 was \$2.324, a 10.6 percent increase over the same quarter of 2004.

Other nondurable goods categories with sales that grew faster than average included apparel stores and eating and drinking places. The largest nondurable retail category, general merchandise store sales, had the slowest growth rate of the major categories. General merchandise store sales increased 4.5 percent in the second quarter, posting a total of \$13.2 billion.

Sales by new car dealers during the second quarter of 2005 went up 9.1 percent compared to the same quarter of 2004. New vehicle registrations rose 4.0 percent. Sales made by new car dealers reached \$16.1 billion, by far the largest total taxable sales of any retail category.

Most other categories of retail sales of durable goods saw increases slightly below the statewide average. Sales at specialty stores, such as office supply stores, rose 6.8 percent to reach \$12.5 billion. Retailers of building materials registered sales of \$9.3 billion, a 6.5 percent gain.

Household and home furnishings sales also increased 6.5 percent.

Construction contractors saw strong growth over the same period in 2004 with taxable transactions of \$5.9 billion, an increase of 10.1 percent. This high growth rate is consistent with an 11.6 percent increase in building permit values during the same time period.

Business and personal services had taxable transactions of \$6.0 billion, an increase of 6.9 percent. All other sales outlets, comprised primarily of manufacturing and wholesale businesses, saw their taxable transactions improve by 7.5 percent to reach \$35.3 billion.

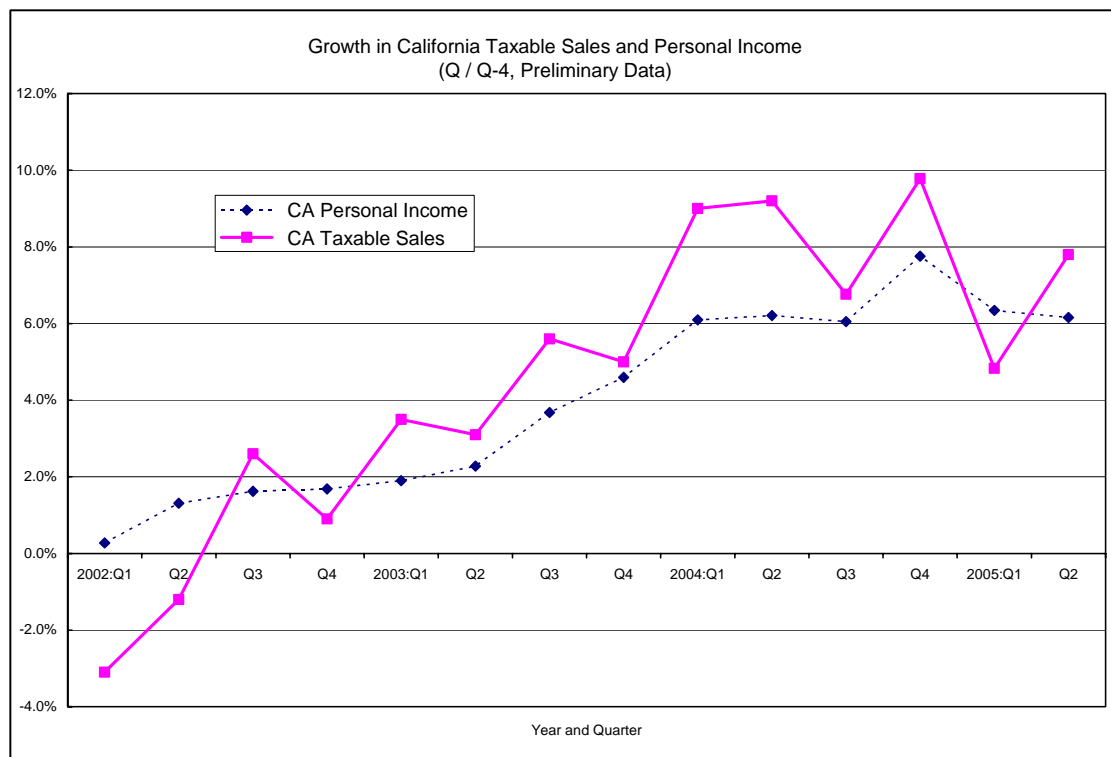
Bill Leonard, of Sacramento/Ontario, was elected to his first term as Second District Member of the State Board of Equalization in 2002. Prior to his election, he served in the State Assembly (1978-1988, 1996-2002) and in the State Senate (1988-1996).

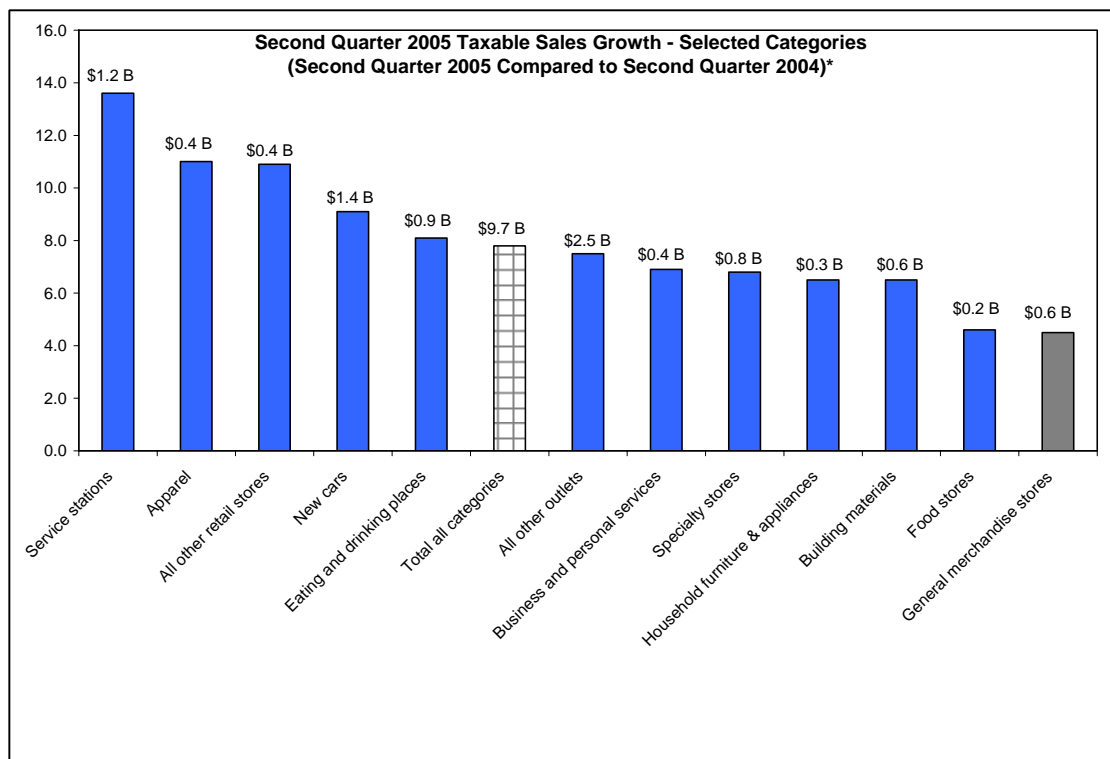
The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Claude Parrish of Long Beach, Third District; Chairman John Chiang of Los Angeles, Fourth District and State Controller Steve Westly.

(View *Second Quarter 2005 Statewide Taxable Sales* by [Type of Business](#), *Taxable Sales* by [County](#), or *Taxable Sales* by [City](#).)

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** This chart highlights specific categories, but is not all-inclusive. Please see links above for other figures.*